



Office of the House Democratic Leader Congresswoman Nancy Pelosi

Democratic Plan to Get Economy Moving and Put People to Work

The Democratic plan includes eight proposals, each consistent with the principles stated above and each easy to enact. The plan packs enough stimulus — \$136 billion, or slightly more than one percent of GDP in 2003 — to step up the pace of a stagnant economy. Its impact on the budget declines to \$100 billion over ten years. Beyond 2003, the plan entails virtually no spending increases or revenue reduction, which allows the budget deficit to diminish as the economy recovers.

Help for the Unemployed

- ***Immediate extension of unemployment insurance benefits for working Americans who have lost their jobs and are looking for new ones*** — On December 20, Democrats called on the President to reconvene the House to pass a compromise unemployment insurance extension bill, which the Senate had passed unanimously. Because the President rejected our request and House Republicans earlier had killed an even weaker unemployment bill, benefits expired on December 28 for over 800,000 working Americans who have lost their jobs and are looking for new work. Each week 95,000 more workers will lose their unemployment benefits.

When the House convenes on January 7, Democrats call on the President and the Republican Congressional leaders — as the ***first*** order of business — to pass the Rangel unemployment insurance bill, which will extend unemployment benefits retroactively for 26 weeks, and provide temporary aid to the states to broaden coverage to low-wage earners and part-time workers. We demand that Congress not recess until we have passed a 26-week extension bill and the President has signed it into law.

Cost = \$18 billion in 2003, \$10 billion over 2003-2013.

Tax Cuts for America

- ***Immediate tax relief for working families*** — Democrats propose that all workers receive a ***refundable*** income tax rebate of up to \$300 per person or \$600 per working couple, paid out of the General Fund of the Treasury and ***not*** payroll taxes or the Social Security Trust Fund. Unlike last year's tax rebate, our proposal would provide tax relief to ***every*** American who works — not just those with higher incomes. Within months, our proposal will put spending money in the pockets of average Americans — boosting consumer demand ***and*** the business investment to meet it. In addition to helping hard-pressed Americans, this policy will deliver far more stimulus, far more quickly, than tax breaks for taxable dividends.

Cost = \$55 billion in 2003, \$58 billion over 2003-2013.



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- ***Immediate tax relief for small businesses to generate investment and jobs in 2003*** — Small businesses can expense up to \$25,000 of the cost of new investments. Democrats propose that small businesses be allowed to expense up to \$50,000 of the cost of new investments made in 2003, to boost cash flow and investment now.
- ***Immediate tax relief for all businesses to invest in new plant and equipment in 2003*** — We further propose that last year's bonus depreciation provisions be restructured so that firms can write off a 50 percent bonus in 2003, declining to 10 percent in 2004. Last year's stimulus bill allowed equal bonuses in 2002 through 2004 — encouraging firms to delay new investment until 2004, rather than to invest now when the economy needs it.

Cost = \$32 billion in 2003, \$1 billion over 2003-2013.

Targeted Aid, Including Assistance for States and Localities

- ***Homeland Security*** — To spare states the expense, Democrats propose one-time federal grants totaling \$10 billion for urgent, unmet needs in homeland defense. These grants would equip first responders and strengthen security at airports, sea ports, rail tunnels, terminals, transportation facilities, and other targets vulnerable to terrorists.

Cost = \$10 billion in 2003 and over 2003-2013.

- ***Highways and Transportation*** — Democrats propose to add \$5 billion to highway funding, and to allow states to postpone their matching share of project costs (including homeland-security transportation projects) for up to two years.

Cost = \$5 billion in 2003 and over 2003-2013.

- ***Medicaid Cost-Sharing*** — Democrats propose a one-year, one-time increase in the federal share of Medicaid payments, as provided in the Dingell-Brown bill, H.R. 3414.

Cost = \$10 billion in 2003 and over 2003-2013.

- ***Special Support for Critical Needs*** — Democrats propose one-time assistance to help those hurt most by unemployment and a stagnant economy.

Cost = \$6 billion in 2003 and over 2003-2013.

Democrats will offer a broader, longer-term agenda, but righting the economy comes first. We will present shortly plans that advance our longer-term priorities: Social Security, homeland security, Medicare prescription drug coverage, health care for all Americans, and education. But for now, we offer this eight-point plan to lift our economy out of stagnation and put Americans back to work.



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Direct Budgetary Impact of the Democratic Stimulus Plan
Billions of Dollars

	<u>FY 2003</u>	<u>FY 2003-13</u>
Extension of Unemployment Insurance Benefits*	18	10
Working Families Tax Relief	55	58
Business Tax Relief to Promote Investment and Job Growth	32	1
Targeted Assistance, Including Aid to States and Localities:	31	31
Homeland Security – \$10 billion		
Infrastructure – \$5 billion		
Medicaid – \$10 billion		
Special support for critical needs – \$6 billion		
Total	136	100

* includes \$1 billion of grants to states